

Message Text

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PAGE 01 HELSIN 01953 181524Z

65

ACTION EUR-12

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AMEMBASSY STOCKHOLM PRIORITY

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E.O. 11652: N/A

TAGS: PINT, FI

SUBJECT: MIETTUNEN GOVERNMENT RESIGNS

REF: HELSINKI 1952

1. SUMMARY: FINLAND'S FIVE-PARTY MAJORITY GOVERNMENT
HEADED BY PRIMIN MARTTI MIETTUNEN, UNSUCCESSFUL FOR MOST
OF ITS 293-DAY LIFE IN ARRIVING AT AN ECONOMIC POLICY,
SUDDENLY GAVE UP TRYING AND RESIGNED ON SEPT 17 WITHOUT
REACHING AGREEMENT ON ITS PARLIAMENTARY BUDGET PROPOSAL.
END SUMMARY.

2. PRIMIN MIETTUNEN'S FIVE-PARTY MAJORITY GOVERNMENT
ENDED ON THE EVENING OF SEPTEMBER 17 WHEN PRESIDENT KEKKONEN
ACCEPTED ITS RESIGNATION. THE GOVERNMENT WILL REMAIN AS A
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CARETAKER PENDING THE OUTCOME OF NEGOTIATIONS FOR A NEW

GOVERNMENT WHICH WILL BEGIN SEPTEMBER 21.

3. THE GOVERNMENT FELL OVER ECONOMIC POLICY, SPECIFICALLY THE FAILURE TO REACH AGREEMENT ON A BUDGET TO PRESENT TO THE OPENING OF PARLIAMENT ON SEPTEMBER 21. THE IMPASSE IS ATTRIBUTED TO THE CONTINUING BASIC DIFFERENCE BETWEEN THE COMMUNIST-FRONT SKDL AND THE FOUR NON-COMMUNIST PARTIES, WITH THE FORMER DEMANDING FREER SPENDING, SPECIFICALLY FOR HOUSING AND SUPPORT OF FULL EMPLOYMENT, WHILE THE LATTER FAVORED A TIGHTER BUDGET. FURTHER IMPETUS TO THE BREAKDOWN WAS DISAGREEMENT BETWEEN THE SOCIAL DEMOCRATIC PARTY (SDP) AND CENTER PARTY (KEPU) OVER EXPENDITURES FOR DISPOSAL OF THE LARGER-THAN-EXPECTED AGRICULTURAL SURPLUS.

4. THE ESTIMATED BUDGET OF 32 BILLION FINNMARKS WOULD HAVE BEEN INCREASED BY THE COMMUNIST-DEMANDED ADDITIONAL OUTLAY OF 600 MILLION TO PROVIDE ADDITIONAL HOUSING AND 600-700 MILLION TO CREATE JOBS TO OFFSET ANTICIPATED WINTER UNEMPLOYMENT. AGRICULTURAL EXPORT SUBSIDIES ASKED BY KEPU WERE ESTIMATED AT AN ADDITIONAL 260 MILLION MARKS. THESE INCREASES WERE OPPOSED AS INFLATIONARY BY OTHER PARTIES INCLUDING SIGNIFICANTLY SDP, WHOSE ABRUPT REFUSAL TO ACCEPT THE COMMUNIST-PROPOSED RENEWAL OF 1.5 PERCENT SPECIAL TAX ON COMPANY PROPERTY OR OTHER NEW FORMS OF REVENUE APPEARS TO HAVE BEEN DECISIVE.

5. IN COMMENTS ON THE GOVERNMENT'S FALL, PARTY LEADERS HAVE CITED DIFFERENCES BETWEEN THE COMMUNISTS AND THE NON-COMMUNIST PARTIES AS THE BASIC CAUSE. SKDLCHAIRMAN ALENUS SAID THAT TWO VERY DIFFERENT ECONOMIC POLICY LINES COLLIDED, WITH THE BASIC QUESTION THAT OF WHETHER TO PURSUE A TIGHT FINANCIAL POLICY OR ONE WHICH, AS HIS PARTY PROPOSED, WOULD ASSURE EMPLOYMENT. LIBERAL LKP CHAIRMAN TARJANNE AND SWEDISH RKP JUSTICE MINISTER GESTRIN AGREED FULLY WITH ALENUS AS TO THE CAUSE OF THE GOVERNMENT'S FALL, WITH GESTRIN ADDING THAT DISAGREEMENT OVER AGRICULTURE WAS ALSO TO BLAME.

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PAGE 03 HELSIN 01953 181524Z

6. FONMIN SORSA, SDP CHAIRMAN, SAID THE MAIN REASON WAS THE FAILURE TO FIND "SUFFICIENT MUTUAL POLITICAL WILL" TO WORK TOGETHER ON THE PART OF THE MEMBERS, A CRITERION HE HAD WARNED SEVERAL MONTHS AGO WAS ESSENTIAL TO THE GOVERNMENT'S SUCCESS. HE SAID THAT IT DOESN'T HELP MATTERS TO STRESS THE ACTUAL CONFLICTS WHICH AROSE. OTHER SDP SPOKESMEN CITED DIFFERENCES OVER A SOLUTION TO THE AGRICULTURE PROBLEM. KEPU

CHAIRMAN VIROLAINEN ACCUSED THE SDP OF OBSTRUCTING A SOLUTION BY PUTTING FORTH A PROGRAM OF ITS OWN WHICH WAS "PROPAGANDISTIC" AND KEPU NEWSPAPER SUOMENMAA EDITORIALY SUGGESTED THAT THE SDP WAS FOCUSING ATTENTION ON THE SURPLUS QUESTION IN ORDER TO DISTRACT VOTERS' ATTENTION IN OCTOBER'S MUNICIPAL ELECTIONS FROM THE MORE BASIC DIFFERENCES BETWEEN THE SKP AND SKDL OVER EMPLOYMENT POLICY. WHILE THE PRESS HAS GENERALLY LISTED THE DIFFERENCES WITH THE COMMUNISTS AS REASONS FOR THE IMPASSE, THE SOCIAL DEMOCRATIC PAPER'S FRONT-PAGE HEADLINE DECLARED THAT "MIETTUNEN'S GOVERNMENT DROWNED IN FLOOD OF GRAIN."

7. WHILE THERE IS AGREEMENT THAT THE GOVERNMENT FELL BECAUSE OF ECONOMIC PROBLEMS, ITS FALL AT THIS TIME IS REGARDED BY MOST OBSERVERS AS A SURPRISE AS ITS INABILITY TO AGREE ON ECONOMIC POLICY IS LONG-STANDING (SEPTEL). EVEN AS THE DECISION TO RESIGN WAS MADE THERE WAS AN EXPECTATION THAT THE PRESIDENT WOULD ORDER THE GOVERNMENT TO CONTINUE, AS HE DID IN MAY. HOWEVER, THE PRESIDENT REPORTEDLY BECAME CONVINCED THAT THE IMPASSE WAS INDEED INSURMOUNTABLE AND HE FINALLY ALLOWED THE GOVERNMENT TO EXPIRE AFTER 293 LARGELY FRUITLESS DAYS IN OFFICE. GIVEN KEKKONEN'S OVERWHELMING INFLUENCE AND RECORD OF UNPREDICTABILITY, IT IS CONCEIVABLE THAT HE MAY YET ASK THE GOVERNMENT TO WITHDRAW ITS RESIGNATION OR EVEN TO SUCCEED ITSELF INTACT, ESPECIALLY SINCE THERE HAS BEEN NO PARLIAMENTARY VOTE OF NO-CONFIDENCE. HOWEVER, THIS POSSIBILITY HAS NOT BEEN MENTIONED IN THE CONSIDERABLE PRESS REPORTING ON THE GOVERNMENT'S FALL.

8. EMBASSY WILL REPORT BY SEPTEL ON SPECULATION LIMITED OFFICIAL USE

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OVER FORMATION OF A SUCCESSOR GOVERNMENT, WHICH IS TINGED BY GENERAL SKEPTICISM THAT ANY WORKABLE MAJORITY OR EVEN MINORITY REGIME CAN BE EASILY FOUND.
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